



AHMEDNAGAR FORGINGS LIMITED

Report  junction.com

25th

Annual Report

2001-2002

BOARD OF DIRECTORS	U. V. Patel	-	Chairman & Managing Director
	J. S. Mody	-	Joint Managing Director
	R. L. Soni	-	Director
	M. K. Patel	-	Director
	H. V. Amin	-	Director
	R. P. Gokhale	-	Nominee (ICICI Ltd.)

COMPANY SECRETARY S. M. Mahajan

BANKERS State Bank of India
Bank of Baroda

**REGISTRAR &
TRANSFER AGENTS
MCS LIMITED,**
116/118, Akshay Complex,
Off Dhole Patil Road,
Pune - 411 001.
Tel : 020- 6129597

FINANCIAL INSTITUTION ICICI Ltd.

AUDITORS D. N. Shukla & Co.
Chartered Accountants
Mumbai - 400 023

SOLICITORS Eastley Lam & Co.
133, Jehangir Building,
Mahatma Gandhi Road, Fort,
Mumbai- 400 023

REGISTERED OFFICE AFL House,
347 - A, off Dhole Patil Road,
Pune - 411 001.

Works ● MIDC Area Ahmednagar ● Chakan Dist. Pune
● Fastener Division, Ahmednagar ● Kuruli, Dist. Pune

AHMEDNAGAR FORGINGS LIMITED**25th Annual Report 2001-2002****NOTICE**

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF **AHMEDNAGAR FORGINGS LIMITED** WILL BE HELD AT THE REGISTERED OFFICE OF THE COMPANY AT AFL HOUSE, 347-A, OFF DHOLE PATIL ROAD, PUNE 411001 ON - **MONDAY, 23RD SEPTEMBER 2002**, AT 11.00 A.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS :

1. : To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002 together with Profit and Loss Account for the year ended on that date, and the reports of the Directors and the Auditors thereon.
2. : To appoint a Director in the place of Mr. R. L. Soni who retires by rotation, and is eligible for re-appointment.
3. : To appoint Auditors of the Company to hold office from the conclusion of the forthcoming meeting until the conclusion of the Twenty Sixth Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

4. : To consider and if though fit, to pass with or without modifications, the following resolution as an ordinary resolution.

"RESOLVED THAT, pursuant to Section 198, 269, 309 & 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals and sanctions as may be necessary, the Company hereby approves of the reappointment of Shri. U. V. Patel as Chairman & Managing Director, of the Company for a period from 1st October, 2002 to 30th September, 2005 on the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) set out in the Agreement executed on 29th July, 2002, a copy of which is submitted to this Meeting and signed by the Joint Managing Director for the purpose of identification, which agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said appointment and /or Agreement in such manner as may be agreed to between the Directors and Shri. U. V. Patel."

"RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorised to do such acts, deeds, matters, and things, as may be considered necessary or expedient to give effect to this resolution."

NOTES :

1. : A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY, NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING.
2. : The enclosed attendance slip should be brought by the Members / Proxies attending the Meeting and handed over at the entrance of the Meeting Hall.
3. : The Register of Members and Transfer Book of the Company will remain closed from, **Tuesday the 17th day of September, 2002 to Monday the 23rd day of September, 2002**, both days inclusive.
4. : The Members are requested to intimate to the Company changes, if any, in their addresses at an early date.

By Order of the Board

S. M. Mahajan

Place : Pune

D.G.M.(Corp. Affairs) &

Date : July 29, 2002

Company Secretary

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956 REGARDING SPECIAL BUSINESS

ITEM NO. 4

The tenure of Shri U. V. Patel as Chairman and Managing Director will expire on 30th September, 2002. The Board of Directors in their meeting held on 29th July 2002 have reappointed Shri U. V. Patel as Chairman and Managing Director for a period starting from 1st October, 2002 to 30th September, 2005.

The Agreement executed on 29th July 2002 between the Company and Shri U.V.Patel contains the following terms and conditions:-

Shri U.V.Patel, Chairman and Managing Director shall carry out such duties as may be entrusted to him, subject to the supervision and control of the Board of Directors.

During the continuance of this Agreement, the Company shall in consideration of the performance of his duties pay to the Chairman and Managing Director, the following remuneration effective from 1st October, 2002 to 30th September, 2005.

A. Remuneration :

Rs. 50,000/- in the scale of Rs. 40,000/- to 75,000/- per month. The Board of Directors are authorised to vary the terms of remuneration in the given scale at any time during the currency of this agreement.

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B. Commission :

One percent of the net profits of the Company computed in the manner laid down in the Section 309 of The Companies Act, 1956 subject to the ceiling of 50% of the annual salary, whichever is less.

C. Perquisites :

In addition to the salary and commission payable, Shri U.V.Patel, Chairman and Managing Director shall also be entitled to perquisites in respect of the following, upto an amount equal to annual salary of Shri U.V.Patel, Chairman and Managing Director.

- (a) Chairman and Managing Director shall also be entitled to perquisites like accommodation (furnished or otherwise) or house rent allowance, together with utilities therefor such as gas, electricity, water, furnishings, repairs, servants' salaries, society charges, property tax, medical reimbursement, medical/accident insurance, leave travel concession for himself and his family, club fees, etc. in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Shri U.V.Patel.

- (b) For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated at actual cost.

- (c) Companies contribution to provident fund and superannuation fund or annuity fund, to the extent these either singly or together are not taxable under the Income Tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation or perquisites aforesaid.

D. Minimum Remuneration :

Notwithstanding anything to the contrary herein contained wherein any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as per the provisions of Schedule XIII of The Companies Act, 1956.

The terms and conditions of the said Agreement may be altered and varied in such manner as may be agreed to between the Board of Directors and Shri U.V.Patel. The Agreement may be terminated by either party giving the other party six months notice in writing.

If the employment of the Chairman and Managing Director ceases during the currency of the financial year, he shall be entitled to rateable proportion of what

he would have received if he had been in the employment for whole of that year.

The Chairman and Managing Director shall not be liable to retire by rotation.

In compliance with the provisions of Sections 198, 269, 309, 310 and Schedule XIII of The Companies Act, 1956, the terms of remuneration specified above are now being placed before the Members in General Meeting for their approval.

The terms and conditions governing the remuneration have been approved by the remuneration committee.

The Agreement between the Company and Shri U.V.Patel is available for inspection by Members of the Company at its Registered Office between 11.00 a.m. to 1.00 p.m. on any working day of the Company.

None of the Directors, except Shri U.V.Patel and Shri H. V. Amin is concerned or interested in the Resolution at item No. 4 of the Notice.

This may be treated as an abstract of the draft agreement between the Company and Shri U.V.Patel pursuant to Section 302 of the Companies Act, 1956.

By Order of the Board

S. M. Mahajan

D.G.M(Corp. Affairs) &
Company Secretary

Place : Pune

Date : July 29, 2002

INFORMATION AS REQUIRED UNDER CLAUSE 49 (VI)(A) OF THE LISTING AGREEMENT IN RESPECT OF DIRECTR'S BEING REAPPOINTED

Mr. U. V. Patel (61 yrs.) is a promotor Director of the Company. He is B.E. (Mech.) and having more than 35 yrs. experience in the engineering field. He is a permanent Director of the Company. His term as Chairman and Managing Director expires on 30.09.2002. It is proposed to reappoint him for a further period of 3 years.

Mr. R. L. Soni (74 yrs.) is a promotor of the Company. He is Director of the Company since 1984. He has more than 45 yrs. of experience in manufacturing sector.

By Order of the Board

S. M. Mahajan

D.G.M(Corp. Affairs) &
Company Secretary

Place : Pune

Date : July 29, 2002

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DIRECTORS' REPORT

TO THE MEMBERS OF
AHMEDNAGAR FORGINGS LIMITED

The Directors hereby present their Twenty Fifth Annual Report on the business and operations of the Company and the financial accounts for the year ended 31st March, 2002.

1. FINANCIAL RESULTS

	2001-2002 Rs. Lacs	2000-2001 Rs. Lacs
Profit before Depreciation	395.39	106.04
Less : i) Depreciation	473.30	511.27
ii) Provision for Taxation	1.78	—
iii) Loss from partnership firm	—	257.74
Net Profit/(Loss)	(79.69)	(662.97)
Add : Balance brought forward from previous year	0.06	143.03
Profit Available for Appropriation	(79.63)	(519.94)

APPROPRIATIONS

Transfer from Debenture Redemption Reserve	(40.00)	(20.00)
Transfer from General Reserve	(40.00)	(500.00)
Balance carried forward	0.37	0.06
	(79.63)	(519.94)

2. DIVIDEND

Due to inadequacy of profit the Directors do not recommend any dividend for the year ended on March 31, 2002.

3. OPERATIONS

During the year, your Company produced **13359 M.Ts** of Steel Forgings against 13141 M.Ts in the previous year. The Company achieved a turnover of **Rs. 84.77 crores** against previous year's turnover of Rs. 81.84 Crores

During the year under review, the Company's sales of Steel Forgings in domestic market was **11544 M.Ts.** as compared to 12412 M.Ts in the previous year and exports stood at **974 M.Ts.** against 582 M.Ts in the previous year.

As reported earlier, the company is taking all the necessary steps to reduce its overall costs and expenditure. The Company is also taking various other measures to improve the overall working. The Directors reiterate that due to continuous efforts of

the management and co-operation of the staff and workers the Company will meet its challenges successfully.

4. FINANCE

During the year under review, the Company repaid to the Financial Institutions and Banks, term loans amounting to Rs. 590.84 lacs.

The company is meeting all its statutory obligations and as at 31st March 2002, there is no default in payment of interest as well as principle amount.

As at 31st March, 2002 there were no outstanding deposits.

5. DIRECTORS

In accordance with the Articles of Association of the Company Mr. R. L. Soni retires by rotation at the conclusion of the Twenty Fifth Annual General Meeting of the Company and is eligible for reappointment.

Mr. S. P. Mantri, resigned from the directorship of the company w.e.f. 31/10/2001 due to personal reasons. The Directors put on record their appreciation for positive contribution of Mr. S. P. Mantri during his tenure as Director.

6. DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2 AA) OF THE COMPANIES ACT, 1956.

The Directors hereby confirm,

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation related to material departures;
2. that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
3. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. that the directors had prepared the annual accounts on a going concern basis.

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7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of Section 217(I) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988, is given in the Annexure A which forms an integral part of this report.

8. PERSONNEL

Particulars as per Section 217(2-A) of The Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable as there is no employee drawing remuneration more than Rs. 24 lacs as prescribed vide GSR 288(E), dated 17/04/2002 and clarification issued by the Ministry of Law, Justice and Company Affairs, Department of Company Affairs, vide No. 2/29/98-CL.V; General Circular No. 16/2002 dated 25/06/2002.

The Industrial relations at all the plants of the

Company i.e. Chakan Plant, Kuruli Plant and at Fastener Division remained cordial during the year. As reported in the previous year's Directors' Report, the labour dispute at Ahmednagar Plant was resolved amicably in May 2001, but even after that some workers in Ahmednagar Plant resorted to go slow tactics, affecting the production adversely.

9. AUDITORS

M/s D.N. Shukla & Co. retire as Auditors at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

10. APPRECIATION

The Directors wish to place on record their sincere appreciation for the positive co-operation received by the Company from the Financial Institutions, Banks, Customers, Suppliers, Vendors, Investors and Company's Employees at all levels.

For & on behalf of the Board

Place : Pune

U. V. Patel

Date : July 29, 2002

Chairman & Managing Director

ANNEXURE - A TO THE DIRECTORS' REPORT PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988.

I. CONSERVATION OF ENERGY

Various steps and measures are continuously being taken to further reduce the consumption of electricity and fuel. The above measures have resulted in savings in consumption of power and fuel.

The company is continuing its efforts for the conservation of energy.

(a) Total energy consumption and consumption per unit of production as per Form A of the Annexure to the Rules.:

(A) Power and Fuel Consumption :

	2001-2002	2000-2001
Electricity purchased :		
Purchased Units in lacs	118.72	107.99
Total Amount - Rs. in Lacs	550.34	493.97
Average Rate per Unit - Rupees	4.64	4.57
Furnace Oil / L. D. O.:		
Quantity - K. Liters	4594	4117
Total Cost - Rs. in Lacs	489.32	430.41
Average rate per ltr/Rs.	10.65	10.45

(B) Consumption per Unit of Production :

	2001-2002	2000-2001
Production - tonnes	13359	13141
Electricity - units / tonne	889	881
Furnace Oil - ltrs /tonne	344	336

II TECHNOLOGY ABSORPTION :

The Company has developed its owned technology base at its factories. The Company has not imported any technology in the relevant period.

III FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) The Company is making special efforts to increase its export business & to develop new markets.

(b) Total foreign exchange used and earned :

	2001-2002	2000-2001
	Rs. Lacs	Rs. Lacs
USED	231.87	157.32
EARNED	628.90	303.99

For & on behalf of the Board

U. V. Patel

Place : Pune

Chairman &

Date : July 29, 2002

Managing Director



ANNEXURE - B TO THE DIRECTORS' REPORT

Management Discussion and Analysis Report

Industry Structure and Developments :

Forging is one of the prominent ancillary industries associated with the automobile industry. Majority portion of the production of forgings is supplied to the automobile industry for use in the manufacturing process of different types of vehicles. This industry requires heavy investment in plant and machinery and manpower. With globalisation customers have become extremely quality conscious. With the growing modernisation of the machinery, customers' demand for more qualitative as well as economical products is increasing.

Ahmednagar Forgings Limited with a established brand name in the forging industry and presence in the international market enjoys an edge over its competitors. Though there is severe recession in the automobile and ancillary market all over the world, Ahmednagar Forgings Limited could survive and in fact, could make profit in the last quarter ended on 31st March 2002.

Opportunities & Threats :

The company is in the process of diversifying its product range and also widening its customer base both domestic and overseas customers. The development curve of the automobile industry has stopped its downward movement and expected to move upwards in the near future. As the forging industries in some countries are being closed down due to environmental reasons and those countries have to import forged parts from countries like India. As the company has already established its position in the international market, it can use this opportunity to expand its export business to these countries.

Due to globalization of the Indian economy, Indian companies are exposed to the international market conditions and its impacts. The prices of raw material e.g. furnace oil etc. are being linked to the prices in the international market and the fluctuation in the international market prices of these materials is expected to have impact on the cost of production to a considerable extent.

Risks and Concerns :

The population world wide is getting aware of the environmental issues. In many developed economies, the governments are forced by the people in the country to ban industries which are dangerous from the environment point of view. Forging Industry has also been considered in such type of industries and the forging companies are either forced to close down or move to some other country in order to reduce the polluting effluents being placed in the environment. This phenomena creates a risk factor for the forging industry.

Internal Control Systems and their adequacy :

The company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported correctly.

The internal control is supplemented by an extensive programme of internal audits, guidelines, and procedures. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets.

Cautionary Statement :

Statements in the management's discussion and analysis describing the Company's projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include demand-supply conditions, raw material prices, changes in Government regulations, tax regimes, economic developments within the country.

For & on behalf of the Board

U. V. Patel

Chairman &

Managing Director

Place : Pune

Date : July 29, 2002

AHMEDNAGAR FORGINGS LIMITED

REPORT ON CORPORATE GOVERNANCE

The guidelines on corporate governance as per listing agreement with Stock Exchanges are applicable to the Company from the year 2001-2002. The company has taken following steps towards implementation of the corporate governance .

Company's Philosophy on Corporate Governance

Corporate Governance is the combination of voluntary practice and compliance with laws and regulations leading to effective control and management of the organisation. Good Corporate Governance leads to long term share holder value and enhances interest of other stakeholders. It brings into focus the fiduciary and the trusteeship role of the Board to align and direct the actions of the organisation keeping in mind the interest of the shareholders, stakeholders and the society.

Board of Directors , Board Meetings and Attendance of Directors :

The company's Board of Directors consists of majority of non-executive Directors. All of them are well experienced in their fields. The Board of the Company met four times during the period 1/04/2001 to 31/03/2002 on the following dates i.e. 16/06/2001, 31/07/2001, 31/10/2001 & 25/01/2002. The constitution of the Board and status of attendance of the director in the Board meeting held during this period is as under,

Name	Design.	Status	No. of Board Meetings Attended during 1/04/2001 to 31/03/2002	Last AGM Attended
Mr. U. V. Patel	CMD	Exe.	4	Yes
Mr. J. S. Mody	JMD	Exe.	4	Yes
Mr. S. P. Mantri**	DIR	Ind.	3	No
Mr. R. L. Soni	DIR	Ind.	2	Yes
Mr. H. V. Amin	DIR	Ind.	4	Yes
Mr. M. K. Patel	DIR	Ind.	3	Yes
Mr. R. P. Gokhale	Nomi.	Ind.	2	Yes

CMD = Chairman & Managing Director, JMD = Joint Managing Director,
DIR = Director, Nomi. = Nominee - ICICI Ltd., Exe = Executive Director,
Ind.= Independent Director

** Mr. S. P. Mantri, Director resigned w.e.f. 31/10/2001

None of the Directors are on committee of any other company.

Board Procedure :

The members of Board have been provided with the

requisite information mentioned in the listing agreement well before the Board Meetings and the same were dealt with appropriately. None of the directors is disqualified for appointment as director under any of the provisions of The Companies Act, 1956.

Audit Committee:

In order to effectively control the financial matters of the company and as per the principles of effective corporate governance an Audit Committee comprising of Mr. Mahendra K. Patel, Mr. Rajkumar L. Soni, Mr. Ravindra P. Gokhale (Nominee ICICI Ltd.), Directors of the company is supervising the financial matters from time to time.

Shareholders Grievance Committee :

The company respects the interests of its shareholders. It strongly believes that shareholders should be given such a quality service that they could hardly get any chance for grievance. The Shareholders Grievance Committee comprising of Mr. Haren V. Amin, Mr. Mahendra K. Patel, Mr. Ravindra P. Gokhale (Nominee ICICI Ltd.), directors of the company is taking all the necessary steps to reach the ideal condition of Zero Complaints and insist on speedy redressal of the complaints, if any. The company has also appointed Mr. S. M. Mahajan, D.G.M(Corp. Affairs) & Company Secretary as compliance officer who looks after the timely compliances pertaining to the shareholder servicing.

Remuneration Committee :

The Company has constituted Remuneration Committee comprising of Mr. M. K. Patel, Mr. R. L. Soni and Mr. R. P. Gokhale (Nominee ICICI Ltd.); all being Non-Executive Directors; to determine policy on specific remuneration package of Working Directors.

Annual General Meetings :

The details of the 24th, 23rd and 22nd Annual General Meetings held by the company are as under,

Date of AGM	Place	Time	Book Closure Dates
24/09/2001	Registered Office at AFL House, 347 -A, Off Dhole Patil Road, Pune 411001	11.00 a. m.	15/09/2002 to 24/09/2002
23/09/2000	The Institute of Engineers, Jangali Maharaj Road, Shivajinagar, Pune 411005	11.00 a. m.	15/09/2000 to 23/09/2000
27/09/1999	The Institute of Engineers, Jangali Maharaj Road, Shivajinagar, Pune 411005	11.00 a. m.	15/09/1999 to 27/09/1999

25th Annual Report 2001-2002**Disclosures :**

No transaction of material nature has been entered into by the Company with Directors or Management and their relatives, etc. that may have a potential conflict with interests of the Company. The Board is always informed of the interests of directors in other companies, as per the provisions of the Companies Act, 1956. There has been no instance of non-compliance by the Company on any matter related to capital markets, hence the question of penalties or strictures imposed by SEBI or Stock Exchange does not arise.

Means of Communication :

The annual, half yearly and quarterly results and share distribution statements are regularly submitted to the Stock Exchanges and the unaudited quarterly / half yearly/ yearly financial results are published in the prescribed format in newspapers in accordance with the Listing Agreement.

General Shareholder Information :**Listing of Shares On Stock Exchanges & Information Regarding Registrar & Transfer Agents :**

The Shares of your company are listed on the following Stock Exchanges. The Company has paid the Annual Listing Fees to all these Stock Exchanges within the prescribed time.

Pune Stock Exchange Ltd.

"Shivleela Chambers", 752, Sadashiv Peth,
R. B. Kumbhkar Marg, Pune - 411030.

The Stock Exchange - Mumbai

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

The Ahmedabad Stock Exchange Ltd.

Kamdhenu Complex,
Opp. Sahajanand College,
Panjarapole, Ahmedabad - 380 015.

National Stock Exchange of India Ltd.

Exchange Plaza, 5th Floor,
Plot No. C/1, G Block, Bandra Kurla Complex,
Bandra - (East), Mumbai - 400 051

Registrar & Transfer Agents :**MCS Limited**

Unit : Ahmednagar Forgings Limited
Akshay Complex, 1st floor,
116-118, Off Dhule Patil Road,
Near Ganesh Mandir,
Pune 411001
Tel. No. 91- 20 - 612 9597

DEPOSITORY FACILITY IN RESPECT OF EQUITY SHARES :

The delivery of the Equity Shares of your Company has become mandatory for all investors in dematerialised form w.e.f. 28th August 2000. The members can avail this facility as per their requirement. The requests for dematerialisation should be sent to the address of the Registrar & Transfer Agents, mentioned above.

For & on behalf of the Board

Place : Pune

Date : July 29, 2002

U. V. Patel

Chairman & Managing
Director

CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,

The Shareholders of **Ahmednagar Forgings Limited**

We have examined the compliance of conditions of Corporate Governance by Ahmednagar Forgings Limited, for the year ended on 31st March, 2002, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement. As informed, there is no unresolved investor / shareholder complaint.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For D. N. Shukla & Co.
Chartered Accountants

Mumbai
July 29, 2002

P. J. Mankad
Partner